

1 CHAIRMAN JAMES: At this time we'll open it up to  
2 Commissioners for questions and comments. Commissioner Loescher.

3 COMMISSIONER LOESCHER: Madam Chairman I only have  
4 one question since it's so late in the day. First of all I'd  
5 like to thank Governor Thomas for the invitation, the very  
6 gracious invitation, to bring us out to their tribal lands  
7 tomorrow and visit the community there. So I'd like to state  
8 publicly for the record our thank you for that invitation.

9 I have one question for you that I've been dying to  
10 ask. Under the Arizona compacts, does the Arizona Department of  
11 Gaming have a right to demand access to the books and records of  
12 a tribal casinos?

13 GOVERNOR THOMAS: The answer to that is definitely  
14 yes, they have been there and even our financial records they  
15 have those because we provide them with all our audits. And  
16 we've had a clean audit for the four years we've been operation.  
17 They're always welcome to come and they let us know when they're  
18 there. So at no time are they ever excluded from our  
19 reservation, they have all the records.

20 COMMISSIONER LOESCHER: Thank you Madam Chairman.

21 CHAIRMAN JAMES: Thank you. Additional questions,  
22 Commissioner Wilhelm.

23 COMMISSIONER WILHELM: I just wanted to thank Mr.  
24 Anders for those two very specific suggestions, I think they were  
25 very useful and I think that both the research committee and the  
26 Indian Gaming Committee of this Commission ought to take them  
27 into strong account so thank you.

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1 MR. THOMPSON: Could I add just one thing, we heard  
2 just within the last 45 minutes that we have 200 very good  
3 studies of prevalence rates of gaming. Now I'm working with NORC  
4 with their study, but still should you put all your resources  
5 into an area where we already have 200 very good studies. Your  
6 research agenda totally neglected Indian gaming.

7 COMMISSIONER MCCARTHY: May I?

8 CHAIRMAN JAMES: Certainly.

9 COMMISSIONER MCCARTHY: First of all I want to thank  
10 Professor Thompson, he was one of the people I phoned very early  
11 as I was beginning to gather materials and just begin to get a  
12 bit of a handle anyway on gambling which is not my field. And he  
13 sent me the Wisconsin study and some other materials and I  
14 appreciate it.

15 I was part of that statement, but I think what I said  
16 was that Dr. Howard Schaffer, psychologist at Harvard Medical  
17 School, division of addiction study, used a 120 fairly current  
18 studies that he judged to be quality studies. But I want to  
19 indicate, of course, that they're yesterday's data and they're  
20 useful and we're paying attention to them, but that doesn't  
21 suggest that you don't need new data that can be used reliably  
22 for the next decade.

23 MR. THOMPSON: Well, let me just ask you what's the  
24 new data? Schaffer says 1.3 percent, you know, Volburg has  
25 studies doing 2 percent, 3.5 percent, 9.1 percent, 1.2 percent  
26 you do a new study and come up with 3.6 percent, what does that  
27 tell you?

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1 COMMISSIONER MCCARTHY: Well, I'm not -- I mean  
2 you're making it an assumption in what you said. I'm not  
3 suggesting that economic studies are unimportant, but I am  
4 suggesting that the information we're after in the NORC household  
5 survey is going to yield us not only some fresh numbers on  
6 prevalence, but information on a number of other related points  
7 to instruct on gambling.

8 And I think that the difference is that the rapid  
9 growth in legal gambling in the United States in the last decade  
10 particularly I think makes it urgent for us to get that kind of -  
11 - now having said all of that, that doesn't argue against your  
12 point and Professor Anders point that we do need more data on  
13 economic impacts.

14 And that gets me to the question I was going to ask  
15 Professor Anders. As I read your -- all of your information was  
16 good, but the couple of key paragraphs are on page three, those  
17 two very large paragraphs in the middle towards the bottom as I  
18 read that you stress the urgency of gathering this information,  
19 but you say unfortunately there's a lot of data that we can't get  
20 to so maybe the information on these subjects we developed would  
21 be incomplete, am I misreading what I've read here?

22 MR. ANDERS: I'm looking for a road map towards an  
23 evaluation of a policy. My academic training is to think in terms  
24 of public benefits and costs. We hear enumerations very  
25 specific, very compelling testimonies from compulsive gamblers  
26 about their personal losses. We also, on the other side, hear  
27 very strong benefits of the gaming for various tribes. In terms  
28 of sorting through this I'm looking for a way to begin to

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1 quantify some of the assertions that are made. It is obvious  
2 from the data that I've looked that there are some demonstrable  
3 benefits that are occurring that could be attributed to the  
4 management and the operation of casinos.

5 But the data that is currently collected both by the  
6 state and by federal agencies is scanty, it is subject to  
7 reporting errors, it is not collected in such a systemic way that  
8 it would give us a profile of what gambling has done for native  
9 communities.

10 COMMISSIONER MCCARTHY: So what's the answer to my  
11 interpretation here?

12 MR. ANDERS: What I'm saying?

13 COMMISSIONER MCCARTHY: Did I state it clearly enough  
14 what I'm trying -- A, the kind of research you suggest would be  
15 beneficial in my view; B, what kinds of data are missing that  
16 would impair the reliability of the research you're suggesting is  
17 so important?

18 MR. ANDERS: I understand, sir, and thanks for  
19 helping frame the question in such a constructive way.  
20 Originally I had aligned something like if Native American  
21 casinos are responsible for approximately 10 percent of the total  
22 gaming they ought to receive approximately 10 percent of the  
23 research budget. I think actually think that they should be more  
24 than that because of the long suffering problems that have been  
25 characteristic of reservation communities.

26 With regard to the research process what I would like  
27 to see is a way in which tribes would encourage a research  
28 methodology at the household level so that we could document from

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1 employees in the casinos where the wages are spent, how the state  
2 economy is impacted beneficially from those expenditures. We  
3 need to understand gaming and the compacted expenditures by  
4 tribal governments where that money goes, what changes have  
5 occurred in terms of increasing educational success rates in  
6 terms of increasing some measure of health care, some measure of  
7 the quality of life for people on those reservations. And that  
8 would require a very intensive survey type research at the  
9 household level.

10 COMMISSIONER MCCARTHY: At the household level?

11 MR. ANDERS: Yes, sir.

12 COMMISSIONER MCCARTHY: All right, I thought you were  
13 suggesting focusing on data that went directly to Native American  
14 tribal gambling experience. You're talking now about general  
15 households?

16 MR. ANDERS: No, we're talking about reservation  
17 communities, sir.

18 COMMISSIONER MCCARTHY: Oh, okay, all right.

19 MR. ANDERS: Okay.

20 COMMISSIONER MCCARTHY: Would you do this for me so  
21 that I can personally give serious consideration to what it is  
22 you're saying, would you list the specific areas of data which  
23 are not available to you, they may exist and simply blocked out  
24 as in the Freedom of Information Act, or they simply may not  
25 exist because nobody is really developing the kind of data you're  
26 talking about. Would the two of you list that and be specific  
27 about that? That would be essential to doing the kind of  
28 reliable research you've been outlining for us. And you might

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1 also mention what kinds of research could you make reliably even  
2 without that information. Okay. Because it's not clear to me at  
3 this moment what the answers would be to those two questions.  
4 Thank you.

5 MR. ANDERS: We'll give it some thought.

6 CHAIRMAN JAMES: Thank you Commissioner McCarthy.  
7 Any other questions for our panels, Commissioner Moore.

8 COMMISSIONER MOORE: Madam Chairman, you know you  
9 always -- someone told me that you never told a story unless you  
10 were the hero. And I just would like to compliment -- and I'd  
11 probably like to have a class on Professor Thompson because I  
12 think he expressed my views that I tried to express yesterday  
13 just not as eloquently as he did.

14 I'm not -- as I told them yesterday I wasn't trying  
15 to teach or preach socialism, but it does bother me when a tribe  
16 of 25 members split 50 million dollars. I mean, I guess I'm  
17 jealous, I'd like to have that. Oh, not being jealous or  
18 covetous, I would like to have that and them have more maybe and  
19 then your not coveting anything.

20 But anyway I think that was good point and I think  
21 that that's something that they should look at. That's my  
22 personal opinion.

23 COMMISSIONER LOESCHER: Madam Chairman.

24 CHAIRMAN JAMES: Commissioner Loescher.

25 COMMISSIONER LOESCHER: Yeah, I'd like to comment on  
26 that I -- it worries me when Mr. Wilhelm and Dr. Moore can agree  
27 on something and I wonder where my position is going to be in all  
28 of this, but I want to tell you a mini story.

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1 I have a friend, he's a United States Senator Ted  
2 Stevens, who wrote the Alaska Native Plains Settlement Act. And  
3 in that law he put in a provision called ANSCA7I that basically  
4 says that there shall be a revenue sharing for the timber and the  
5 subsurface resources from the Alaska native lands. We had 40  
6 million acres of land given back to us as a part of our native  
7 claims.

8 And his notion was the same as being offered by Mr.  
9 Thompson, that there ought to be a revenue sharing among the  
10 100,000 Alaska natives who were beneficiaries of that law because  
11 the wealth of Alaska was being -- is identified in anomalies in  
12 oil fields, in coal fields, in fish fields, in timber fields, but  
13 they're spread far apart. And that there are have-nots and there  
14 are haves.

15 Well, we have a court ordered settlement agreement  
16 that keeps accounting for all of this. We're mandated to share  
17 the revenues, but it's counter American. It's absolutely counter  
18 American. It violates the free market system, it doesn't  
19 recognize the risk that the company who takes on an oil field or  
20 a mining plant or a timber operation and in this case gambling  
21 operations building those facilities and operating them, doesn't  
22 recognize the risk that these tribes are, in our case, Alaska  
23 native groups take.

24 And so I -- we have worked, you know, to try to  
25 implement Senator Stevens will, but it is the toughest thing  
26 you've ever seen because it doesn't recognize the risk taking and  
27 it doesn't recognize the value of the wealth that was owned by  
28 the original people of that -- of those areas. And in Alaska we

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1 have 226 tribes and over a 100,000 people, about 150,000 counting  
2 the descendants.

3 So I suffer with the notion that Dr. Moore and  
4 Mr. Wilhelm are going to get together on this set of principles  
5 and recommend this to the Congress and to the state and to the  
6 tribes.

7 COMMISSIONER WILHELM: That is pretty scary.

8 MR. THOMPSON: We should address what is the risk of  
9 22 Cabazon's or zero members of Sycuan's in 1990 as far as their  
10 reservation population, they had members outside the reservation.  
11 I mean what is the extent of risk when you have a Pequot tribe  
12 that had two members in 1973. Now, they grew the tribe with  
13 bingo and then something else, but how much risk was there that  
14 now yields one billion dollars? I don't think it's the same kind  
15 of risk we have on a stock market or when we start a company.

16 So I think -- and also there is this privilege of --  
17 and I say it's a privilege I don't want to say it's something  
18 given to Native American populations, but really in a sense we  
19 have structured a federal law and through court decisions to give  
20 a benefit to selected populations. It's not a benefit the  
21 general population shares. Not everybody through Connecticut can  
22 start a casino.

23 So given a monopoly situation maybe there is an  
24 obligation that goes beyond having a business that's in a totally  
25 free enterprise system.

26 CHAIRMAN JAMES: Any further questions? I'd like to  
27 thank our panel for your testimony this afternoon and as I have  
28 with other panels suggest that you please stay in very close

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1 contact with the Commission as we go about our work and we will  
2 rely upon your advice and your counsel as we go into a final  
3 drafting stages of our report.

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